

## Message Text

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PAGE 01 STATE 125901

67

ORIGIN PM-07

INFO OCT-01 EA-11 ADP-00 ACDA-19 L-03 SS-15 NSC-10 IGA-02

AID-20 EB-11 MC-02 CIAE-00 INR-10 NSAE-00 RSC-01

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DRAFTED BY PM/ MAS: JLCLUNAN/ RS

6/27/73: EXT. 28139

APPROVED BY PM/ MAS - CHRISTIAN A. CHAPMAN

DOD/ DSAA- CAPT. CANTACUZENE( DRAFT)

EA/ RA- CAPT. WARREN( DRAFT)

EA/ ROC- MR. MOYLE( DRAFT)

L/ PM- MR. MICHEL( DRAFT)

L/ T- MRS. HURLEY( DRAFT)

----- 068232

R 271943 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

INFO CNO

SECDEF

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E. O. 11652: GDS

TAGS: MASS, US, TW

SUBJECT: SALE OF NAVAL VESSELS

REFERENCES: ( A) STATE 190667, OCT. 72; ( B) TAIPEI 2598,

MAY 73; ( C) TAIPEI 2190, APR 73.

1. IN KEEPING WITH USG POLICY TO EMPHASIZE SALE RATHER THAN  
LOAN OR LEASE OF US NAVY VESSELS ( REF. A), WE PREFER TO SELL  
YARNALL AND RILEY RATHER THAN EXTEND LOANS. YOU SHOULD,  
THEREFORE, MAKE PRESENTATION TO GRC SIMILAR TO THAT MADE ON  
AN YANG ( EX- USS KIMBERLY) FOR THESE TWO SHIPS. THE PRICE  
WOULD BE DOLS 150,000 FOR THE YARNALL AND DOLS 80,000 FOR  
THE RILEY.

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PAGE 02 STATE 125901

2. IF GRC WILLING TO PURCHASE SHIPS YOU SHOULD TRANSMIT TO GRC DIPLOMATIC NOTE, SUBSTANTIVE PARAGRAPHS OF WHICH FOLLOW: QUOTE. I HAVE THE HONOR TO REFER TO RECENT CONVERSATION BETWEEN REPRESENTATIVES OF OUR TWO GOVERNMENTS CONCERNING THE TERMINATION OF THE LOANS OF THE FOLLOWING VESSELS: THE EX- USS KIMBERLY ( DD-521), THE EX- USS RILEY ( DE-579), AND THE EX- USS YARNALL ( DD-541).

3. IN ACCORDANCE WITH THE ABOVEMENTIONED DISCUSSIONS, THESE SHIPS WILL BE OFFERED FOR SALE TO THE GOVERNMENT OF THE REPUBLIC OF CHINA FOR 150,000 US DOLLARS EACH FOR THE KIMBERLY AND THE YARNALL AND 80,000 US DOLLARS FOR THE RILEY

IN ACCORDANCE WITH THE TERMS, CONDITIONS, AND PROCEDURES NORMALLY APPLICABLE TO THE SALE OF DEFENSE ARTICLES BY THE UNITED STATES GOVERNMENT TO THE GOVERNMENT OF THE REPUBLIC OF CHINA.

4. THE LOAN OF THE EX- USS KIMBERLY WAS MADE PURSUANT TO AN AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF CHINA EFFECTED BY AN EXCHANGE OF NOTES SIGNED AT TAIPEI ON MARCH 14 AND APRIL 1, 1967. THE LOAN OF THE EX- USS RILEY WAS MADE PURSUANT TO AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS EFFECTED BY AN EXCHANGE OF NOTES SIGNED AT TAIPEI ON DECEMBER 7 AND 15, 1967. THE LOAN OF THE EX- USS YARNALL WAS MADE PURSUANT TO AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS EFFECTED BY AN EXCHANGE OF NOTES SIGNED AT TAIPEI ON JUNE 18, 1968.

5. I HAVE THE HONOR TO PROPOSE TO YOU THAT THE LOANS OF THE EX- USS KIMBERLY, EX- USS RILEY, AND EX- USS YARNALL BE TERMINATED ON A MUTUALLY CONVENIENT DATE WITHIN 90 DAYS: THAT ARRANGEMENTS CONCERNING THE DISPOSITION OF THE FOREGOING SHIPS BE CONCLUDED SIMULTANEOUSLY BY REPRESENTATIVES OF OUR TWO GOVERNMENTS: AND THAT THE AGREEMENTS EFFECTED BY THE AFOREMENTIONED EXCHANGE OF NOTES INsofar AS THEY RELATE TO THE AFOREMENTIONED SHIPS SHALL CEASE TO BE EFFECTIVE AFTER THAT DATE.

6. IF THE FOREGOING IS ACCEPTABLE TO THE GOVERNMENT OF LIMITED OFFICIAL USE

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PAGE 03 STATE 125901

THE REPUBLIC OF CHINA I HAVE THE FURTHER HONOR TO PROPOSE THAT THIS NOTE TOGETHER WITH YOUR NOTE IN REPLY CONCURRING THEREIN SHALL CONSTITUTE A TERMINATION OF THE AFOREMENTIONED AGREEMENTS WITH RESPECT TO THE ABOVE MENTIONED VESSELS WHICH SHALL BECOME EFFECTIVE IN THE MANNER DESCRIBED ABOVE. END QUOTE.

7. ADVISE DEPARTMENT IF GRC DOES NOT AGREE TO PURCHASE OF YARNALL AND RILEY. YOU MAY THEN DELETE THEM FROM DRAFT NOTE AND TRANSMIT IT TO GRC FOR SALE OF KIMBERLY TO WHICH GRC HAS ALREADY AGREED.

8. UPON YOUR NOTIFICATION THAT GRC HAS RESPONDED FAVORABLY WITH DIPLOMATIC NOTE, US NAVY WILL BE AUTHORIZED TO PROCEED WITH ACTIONS NECESSARY TO CARRY OUT CASH SALE ( OR SALES) THROUGH CHINESE NAVAL AUTHORITIES UNDER FMS PROCEDURES. ROGERS

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NNNNMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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